

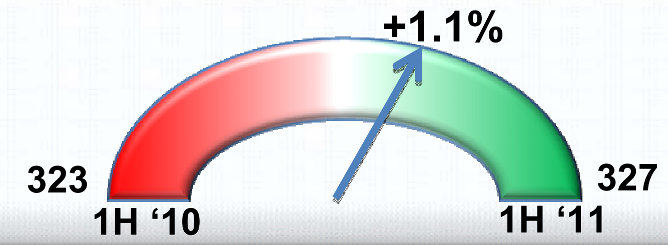


1H 2011 - Results

30th of August 2011

1H 2011 – Increase in operating income.

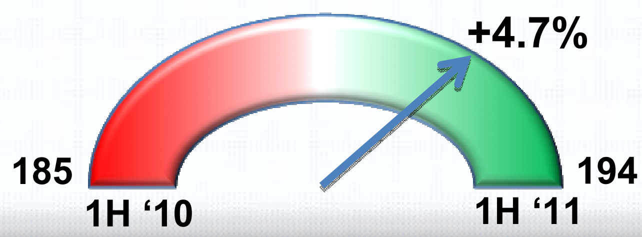
1H '10 – 1H '11 EBITDA (€m)



EBITDA +1.1%

In spite of a though market scenario, the profitability rose compared to both 1H 2010 and 2Q 2010.

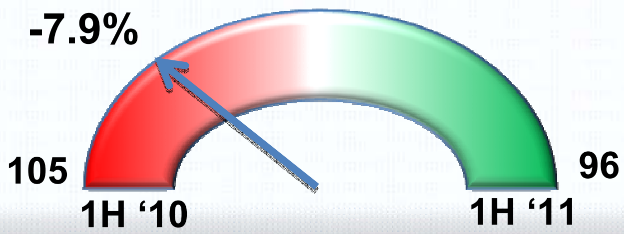
1H '10 – 1H '11 EBIT (€m)



EBIT +4.7%

The higher growth, compared to EBITDA, derives from the decrease in provisions. D&A in line with 1H 2010.

1H '10 – 1H '11 Net profit (€m)



NET PROFIT -7.9%

The absence of the positive fiscal one-offs reported in 1H 2010 (mainly Tremonti-ter) are behind the decrease in net profit.

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1H 2011 – Good results in a tough scenario.

(*) EURm	1H '10	1H '11	Δ	Δ %
REVENUES	1,749	1,686	-63.2	-3.6%
EBITDA	323**	327	+3.4	+1.1%
EBIT	185	194	+8.7	+4.7%
NET PROFIT	105	96	-8.3	-7.9%
NET PROFIT adj.	94****	96	+2.8	+3.0%
CAPEX	229	237	+8.8	+3.8%
NFP	2,260***	2,563	+302.9	+13.4%

- **Revenues down by -3.6%:** a generalized increase in tariffs failed to completely offset the effect of lower power volumes exchanged on IPEX.
- **Slight increase in EBITDA** underpinned by a growth in all the SBUs with the exception of Generation. IREN keeps results on track for achieving announced synergies; in 1H 2011 they amount to ~7€m.
- **EBIT up by +4.7%** thanks to the positive operating results and a decrease in provisions.
- **Decrease in net profit by -7.9%** due to the impact of some non-recurrent positive fiscal one-offs reported in 2010 (mainly Tremonti-ter). Net of these factors, the net-profit performance would have been +3% (1H2011 vs. 1H 2010).
- **Investments** stood at 237 €m, in line with budget

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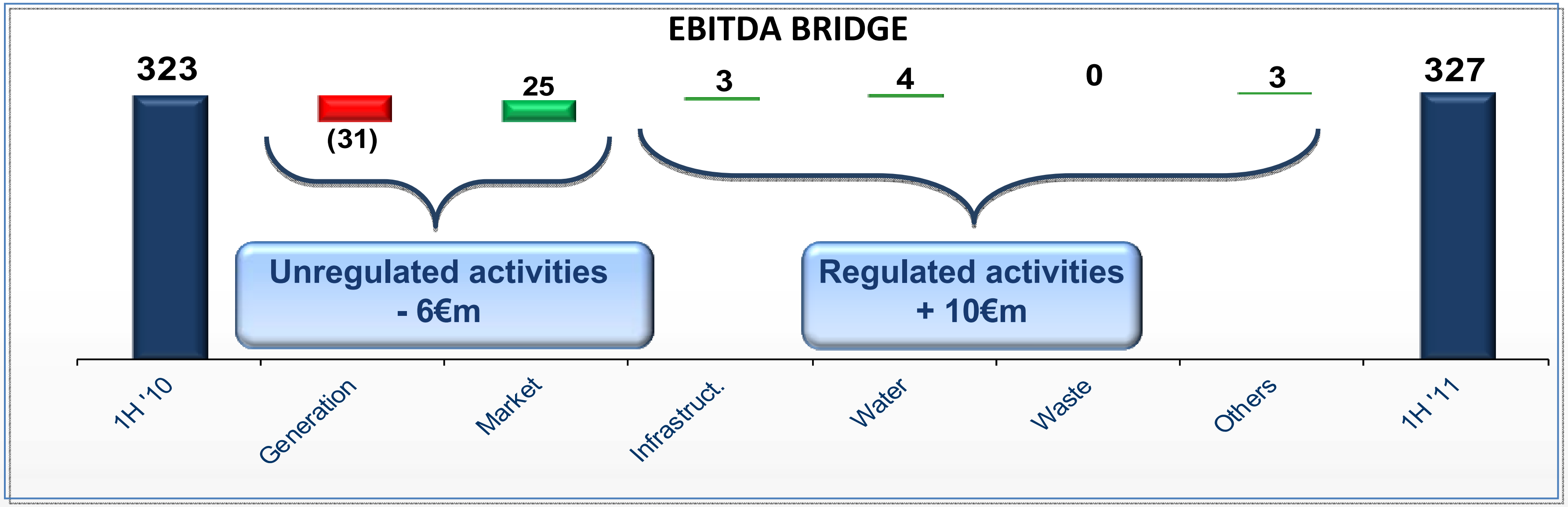
(*) All 2010 data are pro-forma (**) Pro-forma: Deconsolidation of Aquamet -4€m
(***) as if 31/12/2010 (****) net of positive non-recurrent fiscal effects

EBITDA BRIDGE: Increase in EBITDA underpinned by growth in Market SBU and in all the regulated activities.



- **EBITDA grows by 1.1%- Key Elements:**
  - Weak results in Generation are caused mainly by lower volumes distributed in DH/fewer green certificates due to the extraordinarily mild winter.
  - Optimization of gas procurement policy explains the strong results in the Market Business Unit. The effects will persist throughout 2011.
  - Thanks to synergies and an aggressive commercial policy on special waste, the Company maintained the same profitability of 1H 2010 in Waste, despite the expiry of CIP6.

GENERATION OF ELECTRICITY AND HEAT: Weak scenario affecting both Hydro and Cogen.

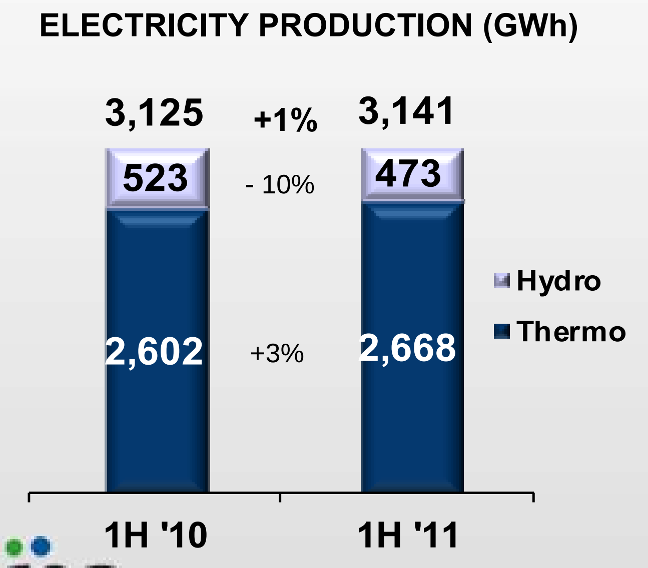
1H ’11 vs. 1H ’10

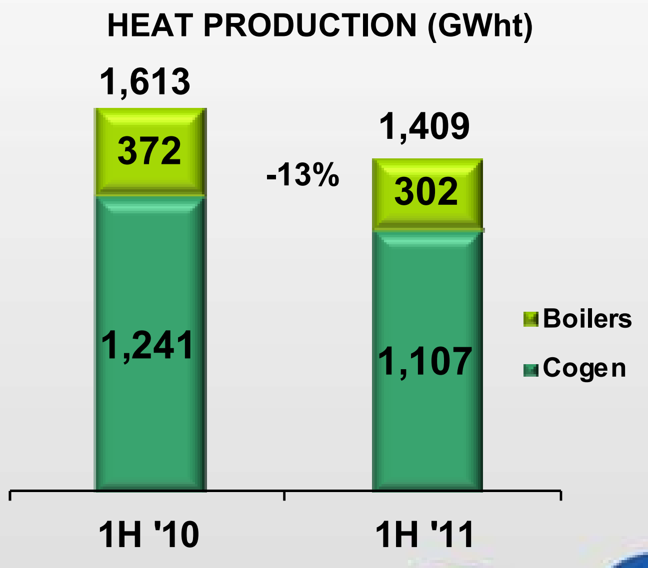
Drop in Cogen mainly because of milder temperatures which lowered heat volumes sold (-13%), and related GCs. Lower profitability in MSD market.

Decrease in Hydro-gen, in line with national production. The energy stored in basins at the end of 1H 2011 is ~30% more than 1H 2010.

The majority of Capex are linked to the development of Turin North CCGT, coming on-stream in 4Q 2011 as scheduled.

	1H '10	1H '11	Δ€m	Δ%
Revenues	387	371	(16)	-4%
EBITDA	116	85	(31)	-27%
EBIT	77	42	(35)	-45%
CAPEX	81	71	(10)	-13%





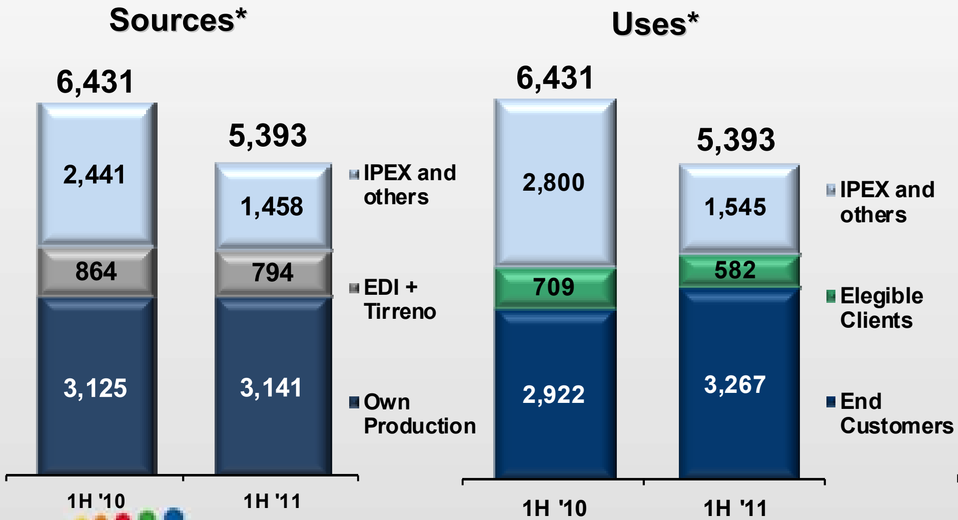
MARKET: growth in all the sectors.

1H '11 vs. 1H '10

- **Gas and Heat Sales:** The positive effects of the successful renegotiation of gas contracts experienced in the last 2 quarters continue to apply.
- **The increase in electricity sales** is driven mainly by the improved profitability of free market sales and the positive management of the EUAs portfolio.
- **Market expansion of the Company continues** thanks mainly to cross-selling activities : ~1% in gas clients and more than 2% in electricity clients.

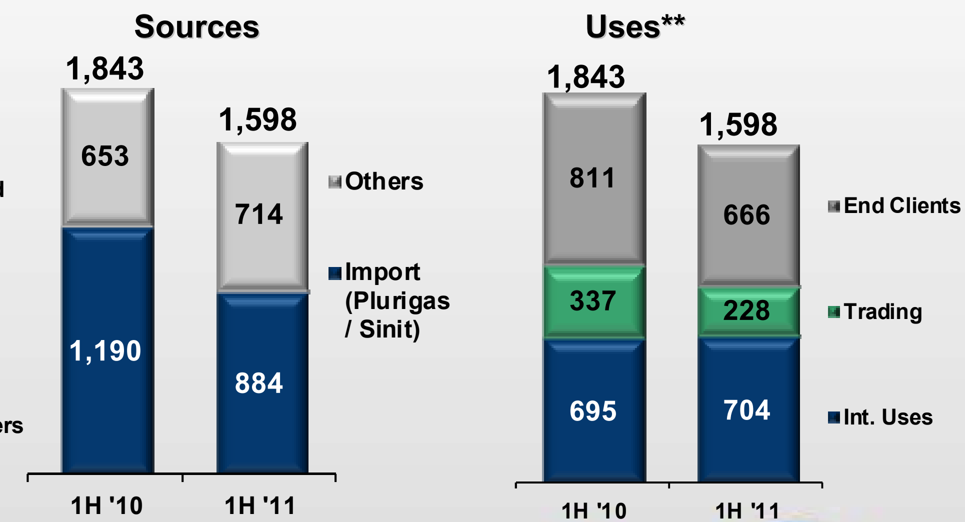
	1H '10	1H '11	Δ€m	Δ%
Revenues	**1.541**	**1.484**	**(57)**	**-4%**
EBITDA	**20**	**45**	**25**	**133%**
Electricity	*3*	*6*	*3*	*103%*
Gas & DH	*17*	*39*	*22*	*139%*
EBIT	**12**	**36**	**24**	**198%**
CAPEX	**2**	**3**	**1**	**12%**

ELECTRICITY PORTFOLIO (GWh)



*net of "pass-through traded Ipex quantities"

GAS PORTFOLIO (MCM)



**Net of Plurigas and Sinit trading activities

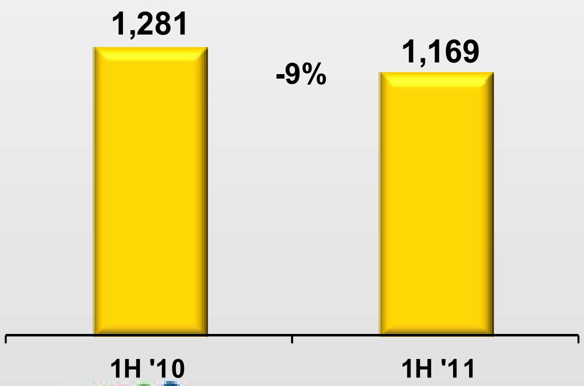
ENERGY INFR.: Good results in spite of negative one-off.

1H ’11 vs. 1H ’10

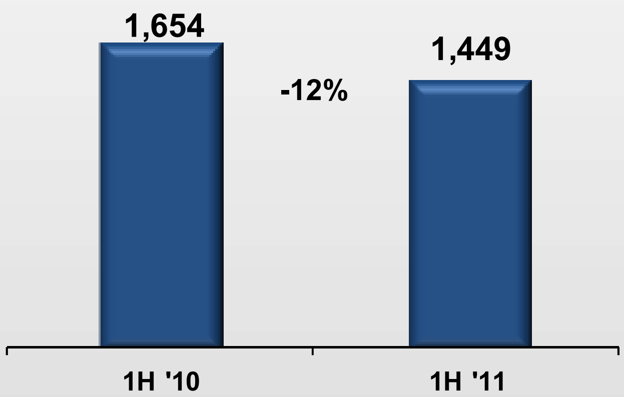
- **Gas networks:** growth in profitability thanks mainly to higher revenues (AEEG 206/09) and synergies.
- **Electricity networks:** the improvement in efficiency was more than offset by the 2004/2008 negative equalization , accounting for approx -6 €m.
- **DH Networks:** EBITDA up by 9% because of the development of the DH network, which reached more than 66 mcm of volumes heated (+3mcm).

	1H '10	1H '11	Δ€m	Δ%
Revenues	**205**	**217**	**12**	**6%**
EBITDA	**105**	**108**	**3**	**3%**
Electricity	*45*	40	*(5)*	*-10%*
Gas	*42*	48	*6*	*14%*
Heat	*18*	20	*2*	*9%*
EBIT	**63**	**77**	**14**	**22%**
CAPEX	**70**	**77**	**7**	**10%**

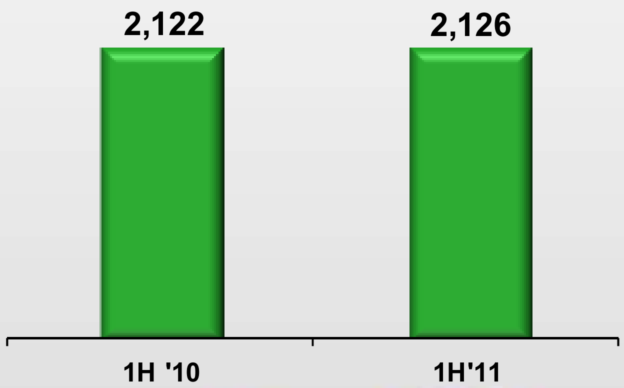
GAS DISTRIBUTED (MCM)



HEAT DISTRIBUTED (GWht)



ELECTRICITY DISTRIBUTED (GWh)



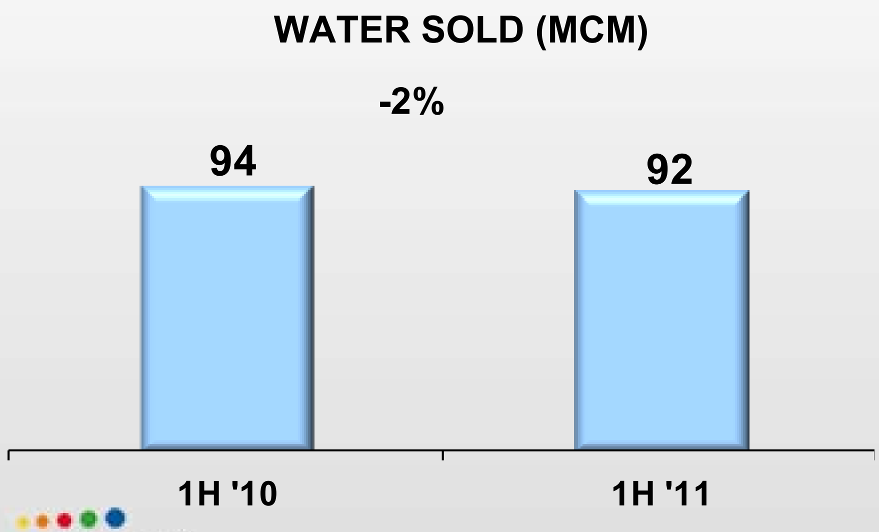
WATER: Positive performance thanks to tariff increase agreed with AATO's.

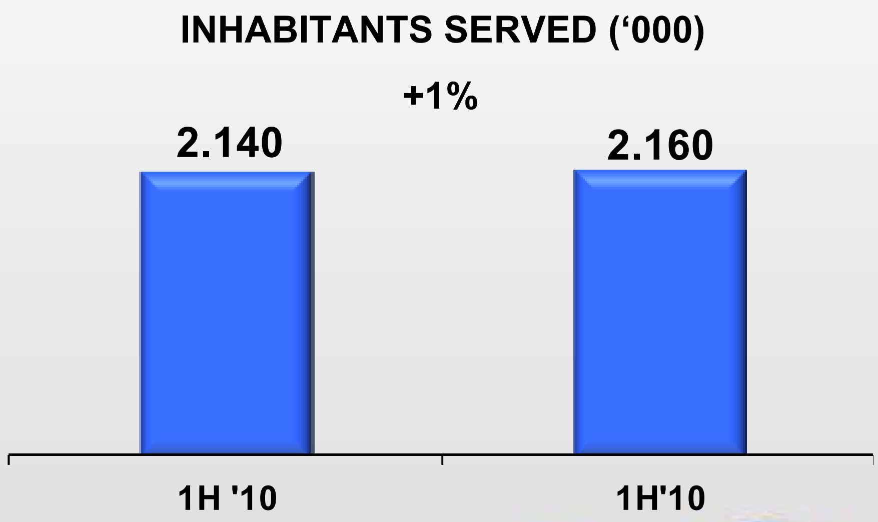
1H '11 vs. 1H '10

- **Revenues up by 2%** thanks to tariff increase in all the ATOs, which more than offset lower volumes distributed.
- **Ebitda up by 6%** due to tariff growth and synergies.

Capex in line with budget.

	1H '10	1H '11	Δ€m	Δ%
Revenues	208	212	4	2%
EBITDA	54	58	4	6%
EBIT	22	25	3	17%
CAPEX	41	36	-5	-13%





WASTE: Coping well with the CIP6 expiration

1H ’11 vs. 1H ’10

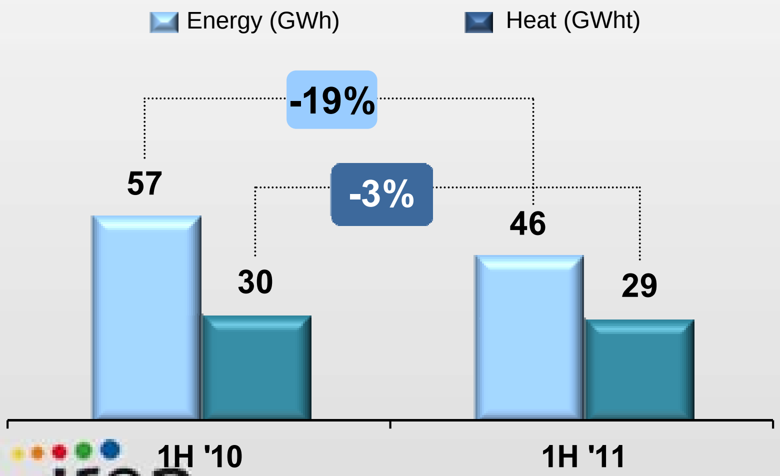
Stable EBITDA: Full recovery of EBITDA, compared to the negative 1Q 2011 result.
The impact of the termination of CIP6 has been offset mainly by cost-savings and an effective commercial policy on special waste (+42%).

Steady Increase in extension of the door-to-door collection system, bringing the sorted waste percentage to 57.8% vs. 54.8% in 1H ‘10.

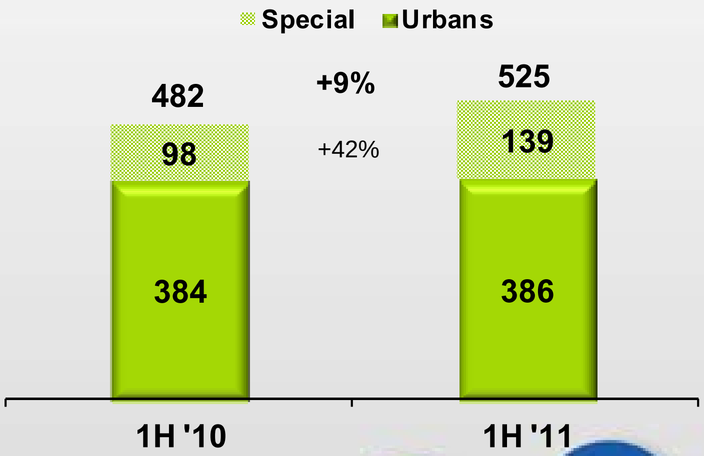
The Capex increase is linked mainly to the building of the new WTE in Parma.

	1H '10	1H '11	Δ€m	Δ%
Revenues	112	107	(5)	-4%
EBITDA	24	24	-	-
EBIT	11	10	(1)	-11%
CAPEX	14	43	29	-

WTE - Energy and Heat production

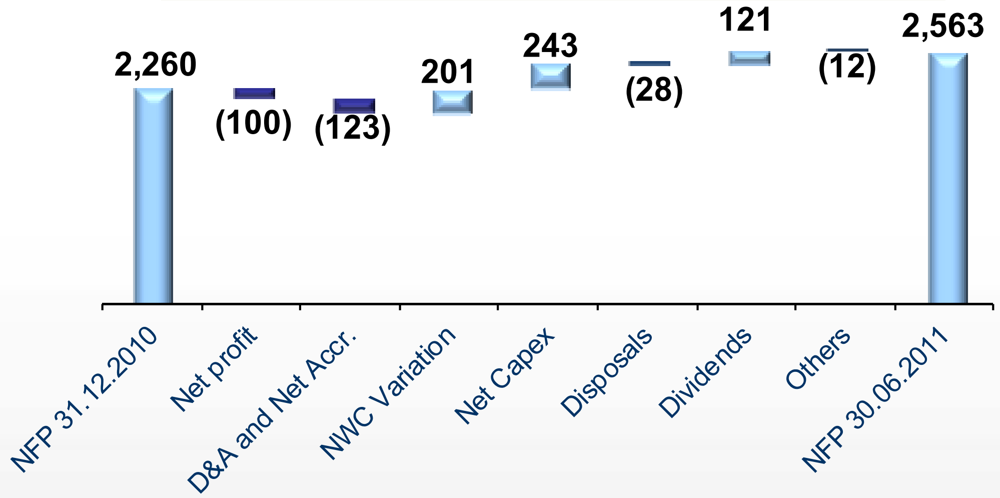


Waste (Kton)

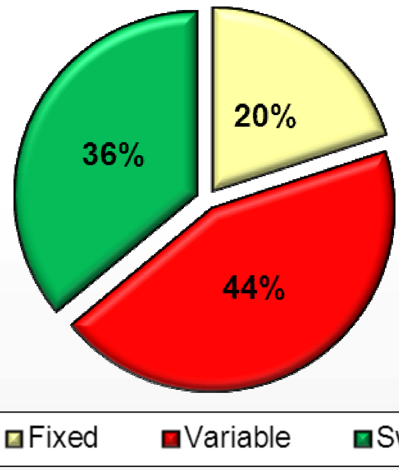


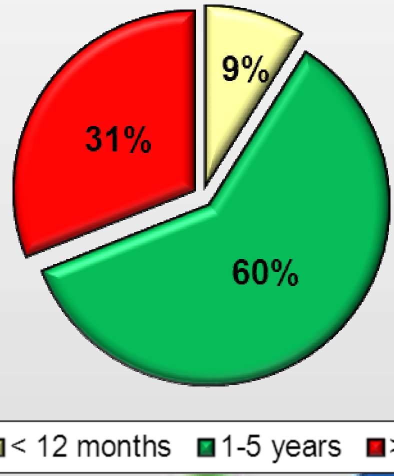
CASH-FLOW & DEBT STRUCTURE

NFP Bridge 30.06.2011



Debt Structure and Interest rate





- Rise in NFP caused mainly by the seasonal working capital trend.
- Solid financial structure: average long-term debt duration of about 4.5 years.
- 44% of debt at variable interest rate.
- 1H 2011 average cost of debt stood at 2.97%, in line with 1H 2010 (2,84%).
- The financial need arising from the expiry of short-term debt has been already covered by 350 €m of new loans, taken out in July; these new funds have a 3-year duration and they have been obtained at current market conditions.

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Annexes

Market Scenario

- **Brent 1H 2011 average price** stood at 111 $/bbl, up by 43% compared to 1H 2010.
- **USD/€ exchange rate** was 1.40, +6% YoY.

	1H '10	1H '11	Δ %
Brent USD / bbl	77.7	111.1	43%
USD / €	1.33	1.40	6%
Brent € / bbl	58.6	79.0	35%

- **Gas demand dropped by** 5%, mainly because of the mild winter.
- **The gap between purchase and sale formulas decreased,** but still affected the margins on gas.

	1H '10	1H '11	Δ %
Gas Demand (bcm)	44.0	42.0	-5%
Gas Release 2*, € / 000 scm	286	320	12%
CCI, €/ 000 mc**	258	302	17%

- **Energy demand increased** by 2% YoY even though it remains 3.9% lower compared to the pre-crisis level
- **The 1H average pool-price** stood at 67.4€/MWh with a significant growth in the region of 9%. This growth, however, is lower compared to the average gas purchase formula for fuelling CCGTs

	1H '10	1H '11	Δ %
Energy demand (Twh)	160.3	162.9	2%
PUN (€ /MWh)	61.6	67.4	9%
CO2 (€ /Ton.)	13.9	15.6	12%
Green Cert. Hydro (€ /MWh)	88.0	84.2	-4%
Green Cert. DH (€ /MWh)	85.9	83.8	-2%

Balance Sheet

€ m	31.12.2010	30.06.2011
Net fixed assets	4,566	4,701
Net Working Capital	137	338
Funds	(325)	(343)
Other assets and liabilities	(36)	(78)
Net invested Capital	4,342	4,618
Net Financial Position	2,260	2,563
Group shareholders' equity	2,082	2,055
Total Funds	4,342	4,618

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The Manager in charge of drawing up the corporate accounting documents and the Chief Financial Officer of IREN S.p.A., Mr. Massimo Levrino, hereby declares, pursuant to paragraph 2 of article 154 bis of the Consolidated Finance Act (Legislative Decree No 58/1998), that the accounting information contained in this presentation is consistent with the accounting documents, records and books.

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